FORM 3

AMENDED REPORT ☐

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL				**1. WELL NAME and NUMBER** NBU 920-32C
2. TYPE OF WORK DRILL NEW WELL (●) REENTER P&A WELL ( ) DEEPEN WELL ( )				**3. FIELD OR WILDCAT** NATURAL BUTTES
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO				**5. UNIT or COMMUNITIZATION AGREEMENT NAME** NATURAL BUTTES
6. NAME OF OPERATOR KERR-MCGEE OIL & GAS ONSHORE, L.P.				**7. OPERATOR PHONE** 720 929-6587
8. ADDRESS OF OPERATOR P.O. Box 173779, Denver, CO, 80217				**9. OPERATOR E-MAIL** mary.mondragon@anadarko.com
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) ML 22140	**11. MINERAL OWNERSHIP** FEDERAL ( ) INDIAN ( ) STATE (●) FEE ( )			**12. SURFACE OWNERSHIP** FEDERAL ( ) INDIAN (●) STATE ( ) FEE ( )
13. NAME OF SURFACE OWNER (if box 12 = 'fee')				**14. SURFACE OWNER PHONE (if box 12 = 'fee')**
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')				**16. SURFACE OWNER E-MAIL (if box 12 = 'fee')**
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN') Ute Tribe	**18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS** YES (●) (Submit Commingling Application) NO ( )			**19. SLANT** VERTICAL (●) DIRECTIONAL ( ) HORIZONTAL ( )

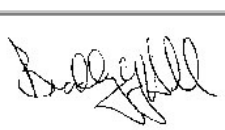
20. LOCATION OF WELL	**FOOTAGES**	**QTR-QTR**	**SECTION**	**TOWNSHIP**	**RANGE**	**MERIDIAN**
LOCATION AT SURFACE	605 FNL 2077 FWL	NENW	32	9.0 S	20.0 E	S
Top of Uppermost Producing Zone	605 FNL 2077 FWL	NENW	32	9.0 S	20.0 E	S
At Total Depth	605 FNL 2077 FWL	NENW	32	9.0 S	20.0 E	S

21. COUNTY UINTAH	**22. DISTANCE TO NEAREST LEASE LINE (Feet)** 605	**23. NUMBER OF ACRES IN DRILLING UNIT** 320
	25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 1100	**26. PROPOSED DEPTH** MD: 10597 TVD: 10597
27. ELEVATION - GROUND LEVEL 4794	**28. BOND NUMBER** 22013542	**29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE** Permit #43-8496

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES

☑ **WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER**	☑ **COMPLETE DRILLING PLAN**
☐ **AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)**	☐ **FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER**
☐ **DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)**	☑ **TOPOGRAPHICAL MAP**

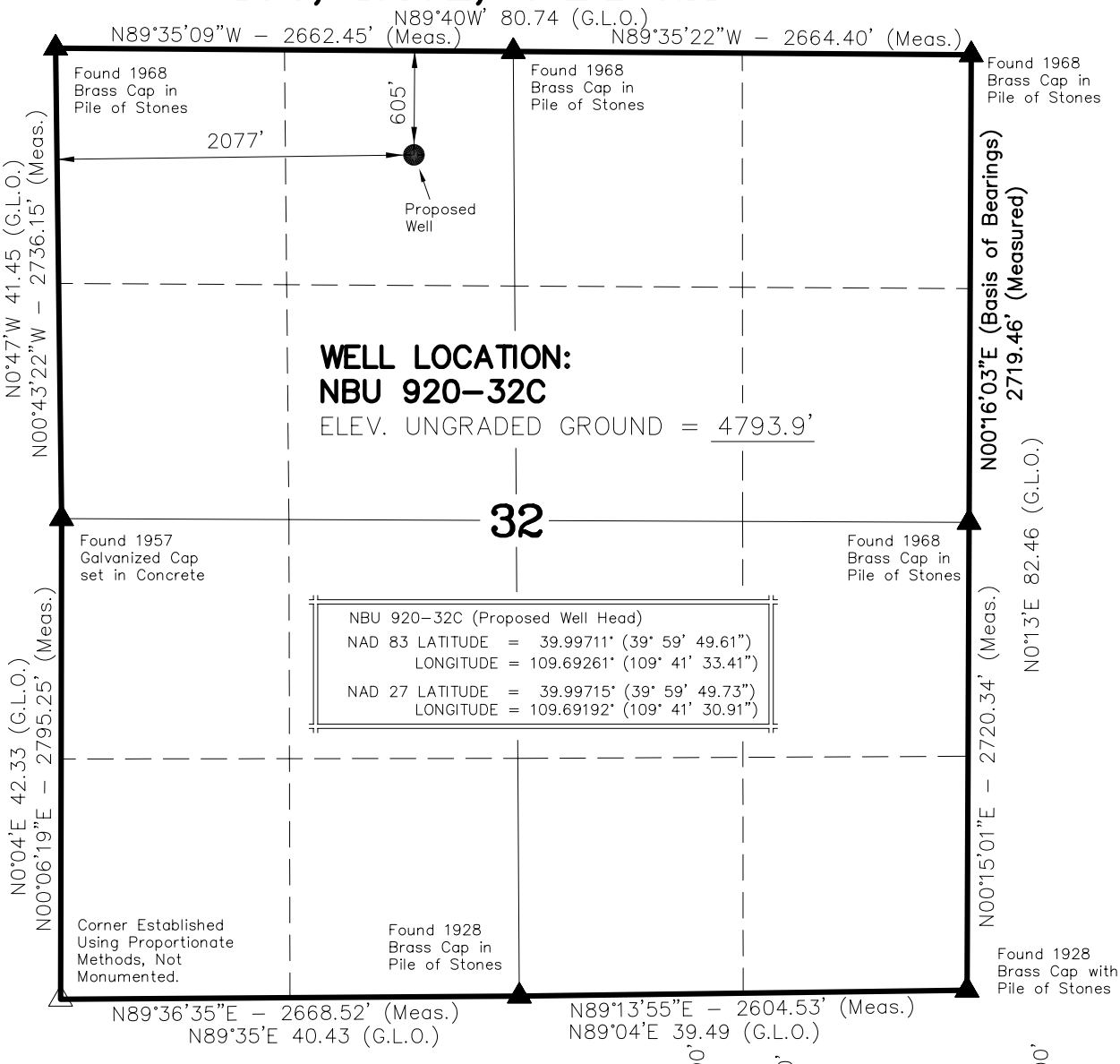
NAME Danielle Piernot	**TITLE** Regulatory Analyst	**PHONE** 720 929-6156
SIGNATURE	**DATE** 10/01/2009	**EMAIL** danielle.piernot@anadarko.com
API NUMBER ASSIGNED 43047507790000	**APPROVAL**  Permit Manager	

Proposed Hole, Casing, and Cement						
String	**Hole Size**	**Casing Size**	**Top (MD)**	**Bottom (MD)**		
Prod	7.875	4.5	0	10597		
Pipe	**Grade**	**Length**	**Weight**			
	Grade HCP-110 LT&C	997	11.6			
	Grade I-80 Buttress	9600	11.6			

Proposed Hole, Casing, and Cement						
String	**Hole Size**	**Casing Size**	**Top (MD)**	**Bottom (MD)**		
Surf	12.25	9.625	0	2410		
Pipe	**Grade**	**Length**	**Weight**			
	Grade J-55 LT&C	2410	36.0			

'APIWellNo:43047507790000'

T9S, R20E, S.L.B.&M.



1000' 500' 0' 1000'

SCALE

NOTES:

▲ = Section Corners Located

1. Well footages are measured at right angles to the Section Lines.
2. G.L.O. distances are shown in feet or chains. 1 chain = 66 feet.
3. Bearings are based on Global Positioning Satellite observations.
4. Basis of elevation is the Northwest Corner of Section 12, T9S, R20E, S.L.B.&M. The elevation of this Section Corner is shown on the Ouray SE 7.5 Min. Quadrangle as being 4676'.

N

SURVEYOR'S CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR No.362251 KOLBY R. KAY STATE OF UTAH

REGISTERED LAND SURVEYOR
REGISTRATION No. 362251
STATE OF UTAH

Kerr–McGee
Oil & Gas Onshore, LP
1099 18th Street – Denver, Colorado 80202

NBU 920-32C
WELL PLAT
605' FNL, 2077' FWL
NE ¼ NW ¼ OF SECTION 32, T9S, R20E,
S.L.B.&M. UINTAH COUNTY, UTAH.

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

TIMBERLINE (435) 789-1365
ENGINEERING & LAND SURVEYING, INC.
38 WEST 100 NORTH – VERNAL, UTAH 84078

DATE SURVEYED: 10-27-08	SURVEYED BY: M.S.B.	SHEET 1 OF 9
DATE DRAWN: 10-28-08	DRAWN BY: E.M.S.	
SCALE: 1" = 1000'	Date Last Revised:	

’APIWellNo:43047507790000’

NBU 920-32C
Surface: 605’ FNL 2,077’ FWL (NE/4NW/4)
Sec. 32 T9S R20E

Uintah, Utah
Mineral Lease: ML 22140

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. – 2. Estimated Tops of Important Geologic Markers:
Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

Formation	Depth	Resource
Uinta	0 – Surface	
Green River	1,588’	
Birds Nest	1,827’	Water
Mahogany	2,206’	Water
Wasatch	5,109’	Gas
Mesaverde	8,400’	Gas
MVU2	9,409’	Gas
MVL1	9,889’	Gas
TD	10,597’	

3. Pressure Control Equipment (Schematic Attached)

Please refer to the attached Drilling Program.

4. Proposed Casing & Cementing Program:

Please refer to the attached Drilling Program.

5. Drilling Fluids Program:

Please refer to the attached Drilling Program.

6. Evaluation Program:

Please refer to the attached Drilling Program.

7. Abnormal Conditions:

Maximum anticipated bottomhole pressure calculated at 10,597' TD, approximately equals 6,602 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 4,271 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates:

Drilling is planned to commence immediately upon approval of this application.

9. Variances:

Please refer to the attached Drilling Program.
Onshore Order #2 – Air Drilling Variance

Kerr-McGee Oil & Gas Onshore LP (KMG) respectfully requests a variance to several requirements associated with air drilling outlined in Onshore Order 2

- *Blowout Prevention Equipment (BOPE) requirements;*
- *Mud program requirements; and*
- *Special drilling operation (surface equipment placement) requirements associated with air drilling.*

This Standard Operating Practices addendum provides supporting information as to why KMG current air drilling practices for constructing the surface casing hole should be granted a variance to Onshore Order 2 air drilling requirements.

The reader should note that the air rig is used only to construct a stable surface casing hole through a historically difficult lost circulation zone. A conventional rotary rig follows the air rig, and is used to drill and construct the majority of the wellbore.

More notable, KMG has used the air rig layout and procedures outlined below to drill the surface casing hole in approximately 675 wells without incident of blow out or loss of life.

Background
In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet. The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.

Before the surface air rig is mobilized, a rathole rig is utilized to set and cement conductor pipe through a competent surface formation. Generally, the conductor is set at 40 feet. In some cases, conductor may be set deeper in areas that the surface formation is not found competent. This rig also drills the rat and mouse holes in preparation for the surface casing and production string drilling operations.

The air rig is then mobilized to drill the surface casing hole by drilling a 12-1/4 inch hole to just above the Bird's Nest interval with an air hammer. The hammer is then tripped and replaced with a 12-1/4 inch tri-cone bit. The tri-cone bit is used to drill to the surface casing point, approximately 500 feet below the loss circulation zone (Bird's Nest). The 9-5/8 inch surface casing is then run and cemented in place, thereby isolating the lost circulation zone.

KMG fully appreciates Onshore Order 2 well control and safety requirements associated with a typical air drilling operations. However, the requirements of Onshore Order 2 are excessive with respect to the air rig layout and drilling operation procedures that are currently in practice to drill and control the surface casing hole in KMG Fields.

Variance for BOPE Requirements
The air rig operation utilizes a properly lubricated and maintained air bowl diverter system which diverts the drilling returns to a six-inch blooie line. The air bowl is the only piece of BOPE equipment which is installed during drilling operations and is sufficient to contain the air returns associated with this drilling operation. As was discussed earlier, the drilling of the surface hole does not encounter any over pressured or productive zones, and as a result standard BOPE equipment should not be required. In addition, standard drilling practices do not support the use of BOPE on 40 feet of conductor pipe.

Variance for Mud Material Requirements
Onshore Order 2 also states that sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring adequate well control. Once again, the surface hole drilling operations does not encounter over pressured or productive intervals, and as a result there is not a need to control pressure in the surface hole with a mud system. Instead of mud, the air rigs utilize water from the reserve pit for well control, if necessary. A skid pump which is located near the reserve pit (see attachment) will supply the water to the well bore.

Variance for Special Drilling Operation (surface equipment placement) Requirements
Onshore Order 2 requires specific safety distances or setbacks for the placement of associated standard air drilling equipment, wellbore, and reserve pits. The air rigs used to drill the surface holes are not typical of an air rig used to drill a producing hole in other parts of the US. These are smaller in nature and designed to fit a KMG location. The typical air rig layout for drilling surface hole in the field is attached.

Typically the blooie line discharge point is required to be 100 feet from the well bore. In the case of a KMG well, the reserve pit is only 45 feet from the rig and is used for the drill cuttings. The blooie line, which transports the drill cuttings from the well to the reserve pit, subsequently discharges only 45 feet from the well bore.

Typically the air rig compressors are required to be located in the opposite direction from the blooie line and a minimum of 100 feet from the well bore. At the KMG locations, the air rig compressors are approximately 40 feet from the well bore and approximately 60 feet from the blooie line discharge due to the unique air rig design. The air compressors (see attachment) are located on the rig (1250 cfm) and on a standby trailer (1170 cfm). A booster sits between the two compressors and boosts the output from 350 psi to 2000 psi. The design does put the booster and standby compressor opposite from the blooie line.

Lastly, Onshore Order 2 addresses the need for an automatic igniter or continuous pilot light on the blooie line. The air rig does not utilize an igniter as the surface hole drilling operation does not encounter productive formations.

Variance for FIT Requirements
KMG also respectfully requests a variance to Onshore Order 2, Section III, Part Bi, for the pressure integrity test (PIT, also known as a formation integrity test (FIT)). The air rig operation utilizes a 5M BOPE when drilling. This well is not an exploratory well and is being drilled in an area where the formation integrity is well known. Additionally, when an FIT is run with the mud weight as required, the casing shoe frequently breaks down and causes subsequent lost circulation when drilling the entire depth of the well.

Conclusion
The air rig operating procedures and the attached air rig layout have effectively maintained well control while drilling the surface holes in KMG Fields. KMG respectfully requests a variance from Onshore Order 2 with respect to air drilling well control requirements as discussed above.

10. Other Information:

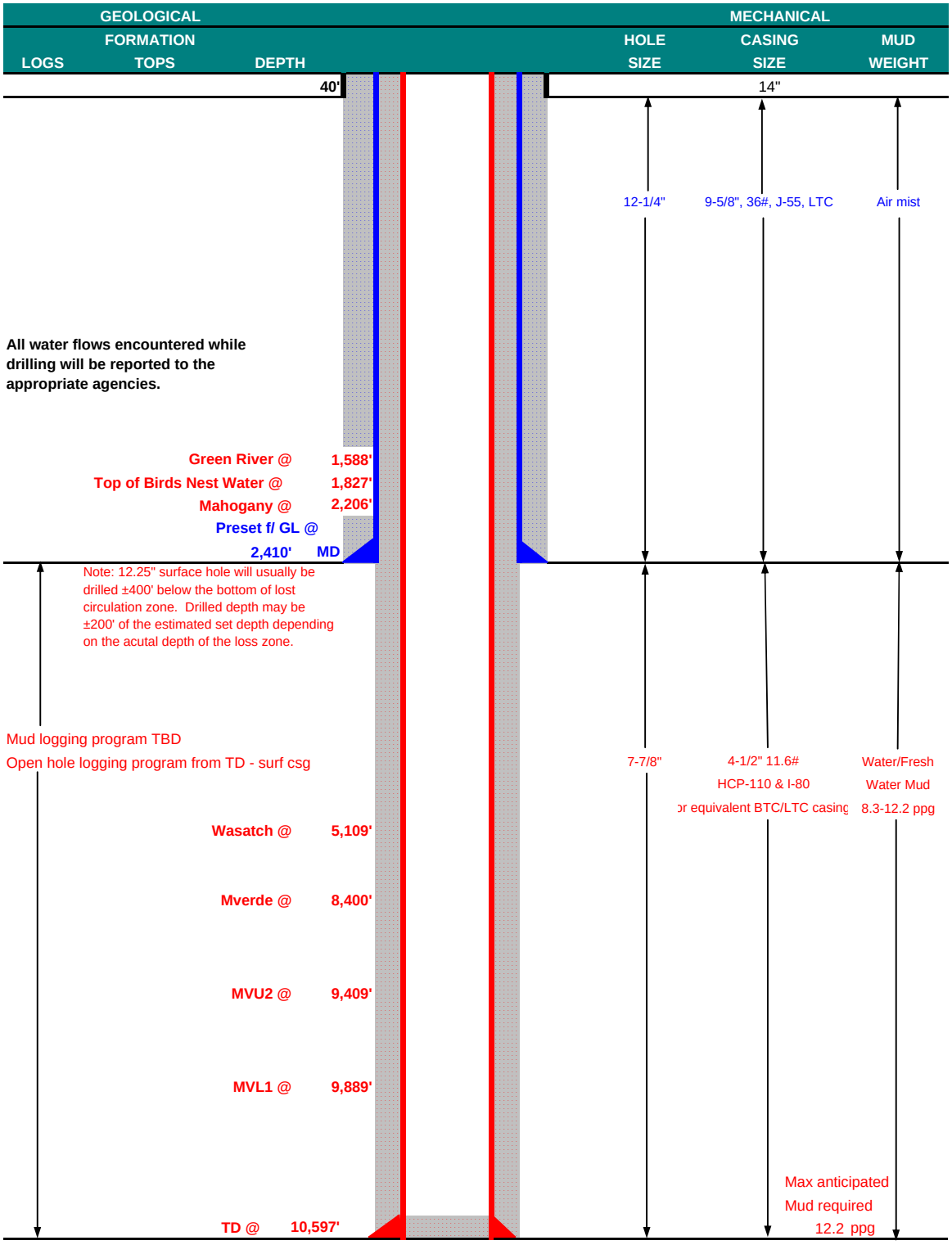
Please refer to the attached Drilling Program.

’APIWellNo:43047507790000’

KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME	KERR-McGEE OIL & GAS ONSHORE LP	DATE	September 30, 2009
WELL NAME	**NBU 920-32C**	TD	10,597' MD/TVD
FIELD	Natural Buttes	COUNTY Uintah STATE Utah	FINISHED ELEVATION 4,793'
SURFACE LOCATION	NE/4 NW/4 605' FNL 2,077' FWL	Sec 32 T 9S R 20E	BHL Straight Hole
	Latitude: 39.997150	Longitude: -109.691920	NAD 27
OBJECTIVE ZONE(S)	Wasatch/Mesaverde		
ADDITIONAL INFO	Regulatory Agencies: SITLA (MINERALS), Ute Tribe (SURFACE), UDOGM, Tri-County Health Dept.		



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KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL			WT.	GR.	CPLG.	DESIGN FACTORS BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'								
								3,520	2,020	453,000
SURFACE	9-5/8"	0	to	2410	36.00	J-55	LTC	0.80*	1.79	5.22
								7,780	6,350	278,000
PRODUCTION	4-1/2"	0	to	9600	11.60	I-80	BTC	1.77	1.04	2.78
								10,690	8,650	279,000
		9600	to	10597	11.60	HCP-110	LTC	2.43	1.29	29.65

*Burst on suface casing is controlled by fracture gradient as shoe with gas gradient above. D.F. = 2.32

1) Max Anticipated Surf. Press.(MASP) (Surf Csg) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac grad x TVD of next csg point))

2) MASP (Prod Casing) = Pore Pressure at TD - (0.22 psi/ft-partial evac gradient x TD)
(Burst Assumptions: TD = 12.2 ppg) 0.22 psi/ft = gradient for partially evac wellbore
(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
MASP 4,271 psi

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD
(Burst Assumptions: TD = 12.2 ppg) 0.62 psi/ft = bottomhole gradient
(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
MABHP 6,602 psi

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500'	Premium cmt + 2% CaCl	215	60%	15.60	1.18
Option 1			+ 0.25 pps flocele				
TOP OUT CMT (6 jobs)		1,200'	20 gals sodium silicate + Premium cmt	380	0%	15.60	1.18
			+ 2% CaCl + 0.25 pps flocele				
			Premium cmt + 2% CaCl				
SURFACE			**NOTE: If well will circulate water to surface, option 2 will be utilized**				
Option 2	LEAD	1,910'	Prem cmt + 16% Gel + 10 pps gilsonite	220	35%	11.00	3.82
			+ 0.25 pps Flocele + 3% salt BWOC				
	TAIL	500	Premium cmt + 2% CaCl	180	35%	15.60	1.18
			+ 0.25 pps flocele				
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	4,607'	Premium Lite II + 0.25 pps celloflake +	440	40%	11.00	3.38
			5 pps gilsonite + 10% gel '+ 1% Retarder				
	TAIL	5,990'	50/50 Poz/G + 10% salt + 2% gel	1470	40%	14.30	1.31
			+ 0.1% R-3				

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint for a total of 15 bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip. Maintain safety valve and inside BOP on rig floor at all times. Most rigs have top drives; however, if used, the Kelly is to be equipped with upper and lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

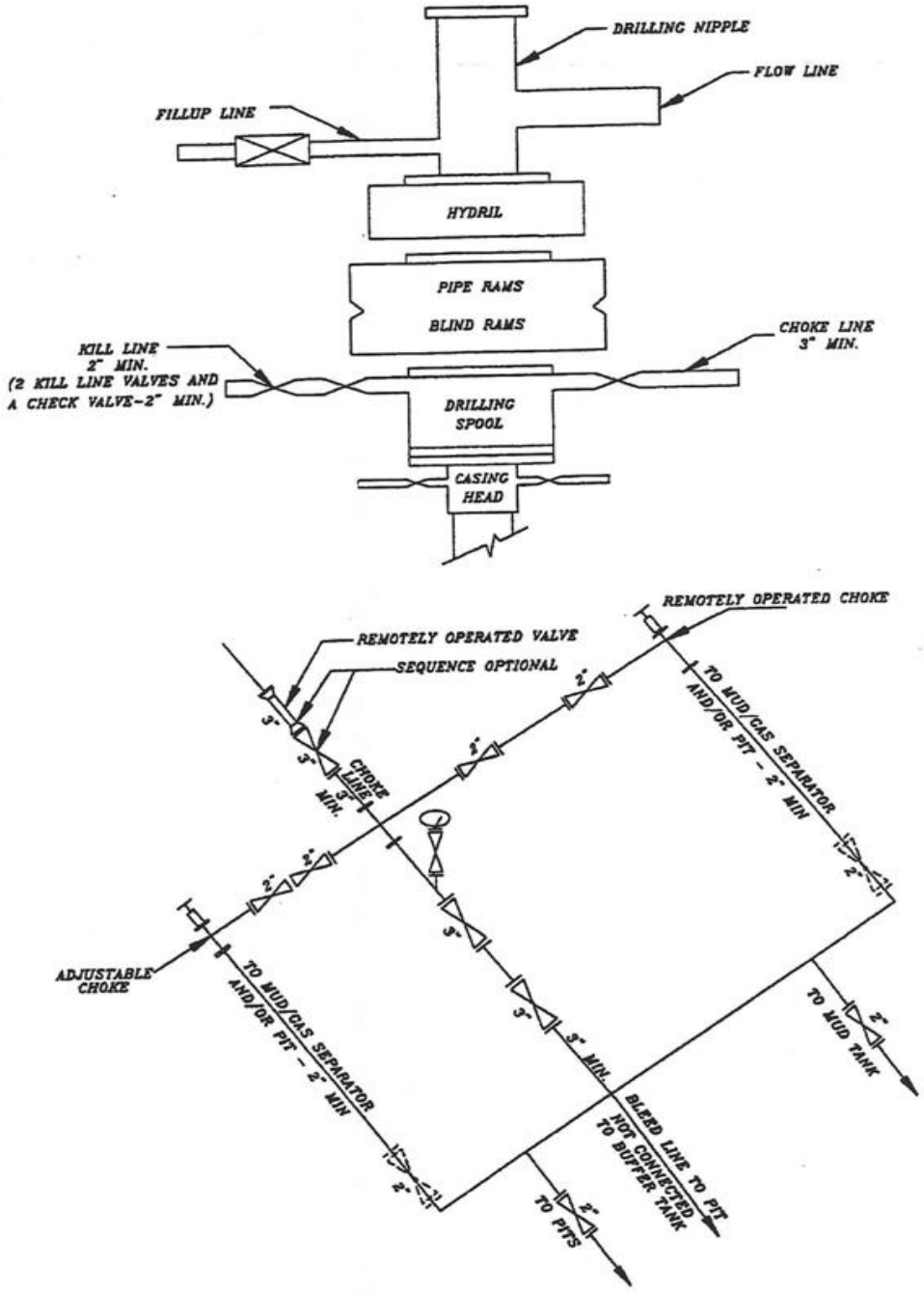
Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utililzed.

DRILLING ENGINEER: _____ **DATE:** _____
John Huycke / Emile Goodwin

DRILLING SUPERINTENDENT: _____ **DATE:** _____
John Merkel / Lovel Young

'APIWellNo:43047507790000'

EXHIBIT A
NBU 920-32C



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

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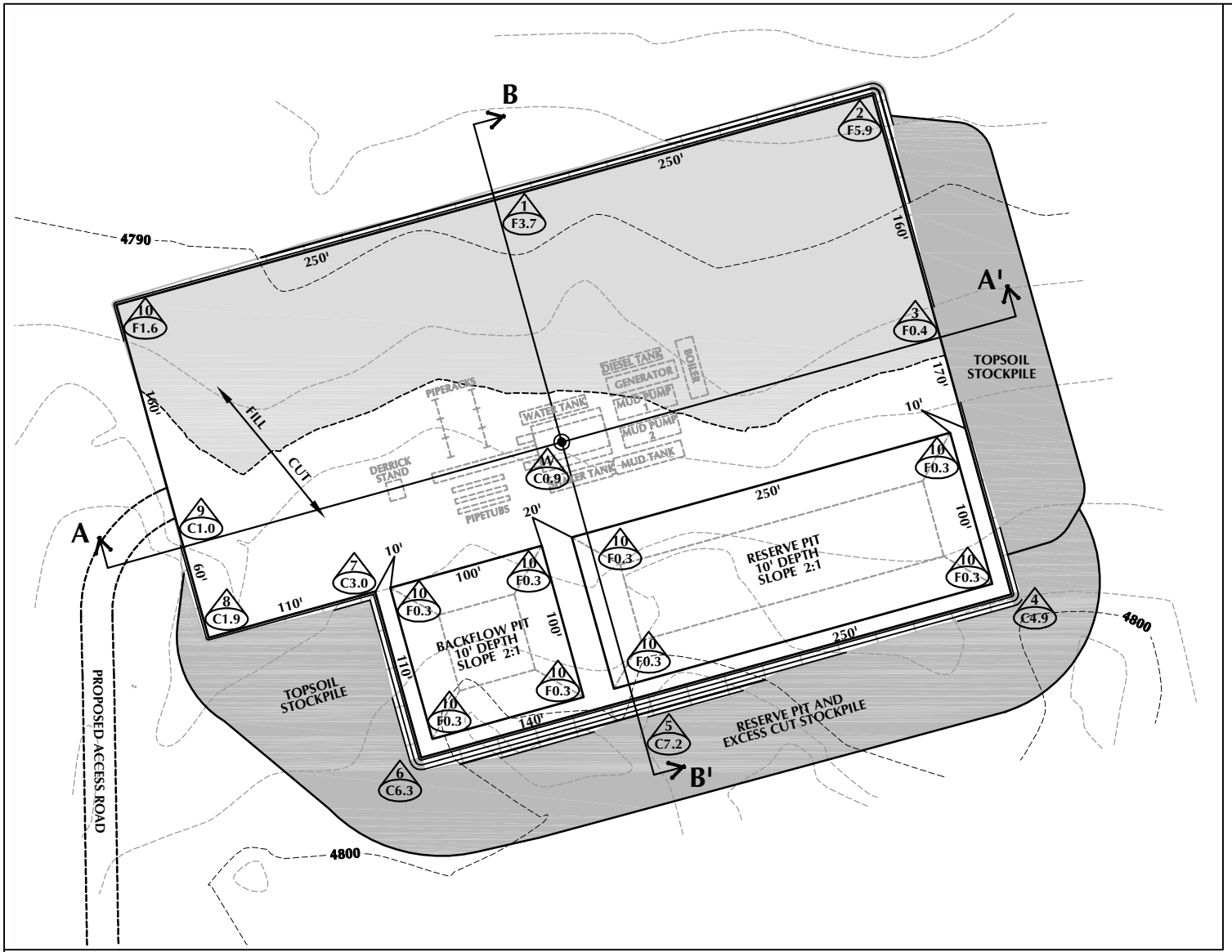


WELL PAD LEGEND

- WELL LOCATION
- EXISTING CONTOURS (2' INTERVAL)
- PROPOSED CONTOURS (2' INTERVAL)

WELL PAD NBU 920-32C QUANTITIES

EXISTING GRADE @ LOC. STAKE = 4,793.9'
FINISHED GRADE ELEVATION = 4,793.0'
CUT SLOPES = 1.5:1
FILL SLOPES = 1.5:1

TOTAL CUT FOR WELL PAD = 7,542 C.Y.
TOTAL FILL FOR WELL PAD = 7,517 C.Y.
TOPSOIL @ 6" DEPTH = 3,018 C.Y.
EXCESS MATERIAL = 25 C.Y.
TOTAL DISTURBANCE = 3.74 ACRES
SHRINKAGE FACTOR = 1.10
SWELL FACTOR = 1.00
RESERVE PIT CAPACITY (2' OF FREEBOARD)
+/- 25,880 BARRELS
RESERVE PIT VOLUME
+/- 7,185 CY
BACKFLOW PIT CAPACITY (2' OF FREEBOARD)
+/- 8,780 BARRELS
BACKFLOW PIT VOLUME
+/- 2,520 CY

HORIZONTAL 0 50 100 1" = 100'
2' CONTOURS

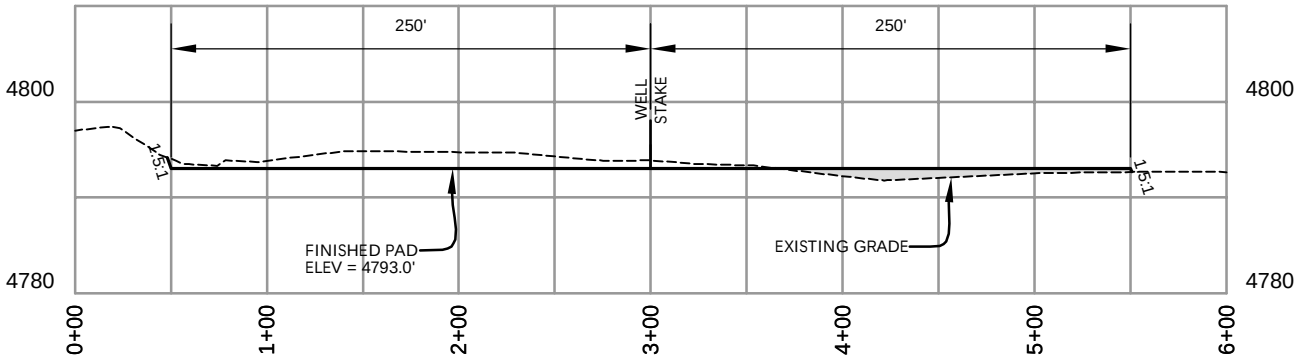
KERR-MCGEE OIL & GAS ONSHORE L.P.
1099 18th Street - Denver, Colorado 80202

NBU 920-32C
WELL PAD - LOCATION LAYOUT
605' FNL, 2077' FWL
NE1/4NW1/4, SECTION 32, T.9S., R.20E.
S.L.B.&M., UINTAH COUNTY, UTAH

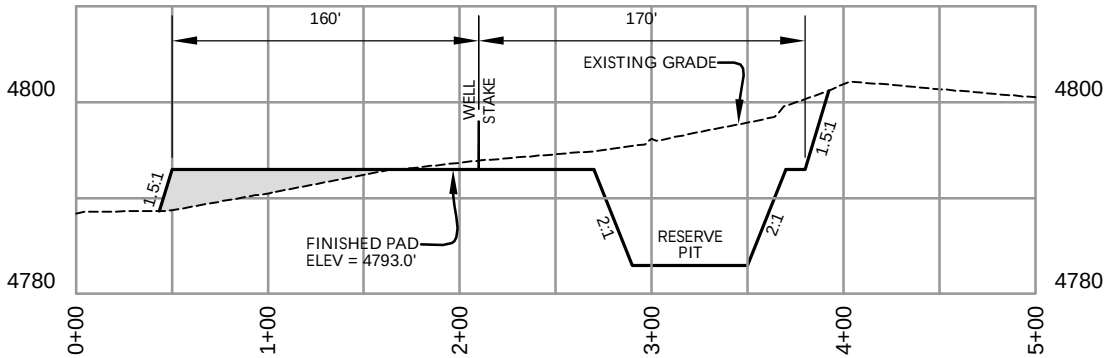
609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

Scale: 1"=100'	Date: 11/8/08	SHEET NO: 2 2 OF 9
REVISED:	BY DATE	

Timberline (435) 789-1365
Engineering & Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078



CROSS SECTION A-A'



CROSS SECTION B-B'

KERR-MCGEE OIL & GAS
ONSHORE L.P.
1099 18th Street - Denver, Colorado 80202

NBU 920-32C
WELL PAD - CROSS SECTIONS
605' FNL, 2077' FWL
NE1/4NW1/4, SECTION 32, T.9S., R.20E.
S.L.B.&M., UINTAH COUNTY, UTAH

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

HORIZONTAL 0 50 100 1" = 100'
VERTICAL 0 10 20 1" = 20'

Scale: 1"=100'	Date: 11/8/08	SHEET NO: 3 3 OF 9
REVISED:	BY DATE	

Timberline Engineering & Land Surveying, Inc.
(435) 789-1365
38 WEST 100 NORTH VERNAL, UTAH 84078

'APIWellNo:43047507790000'

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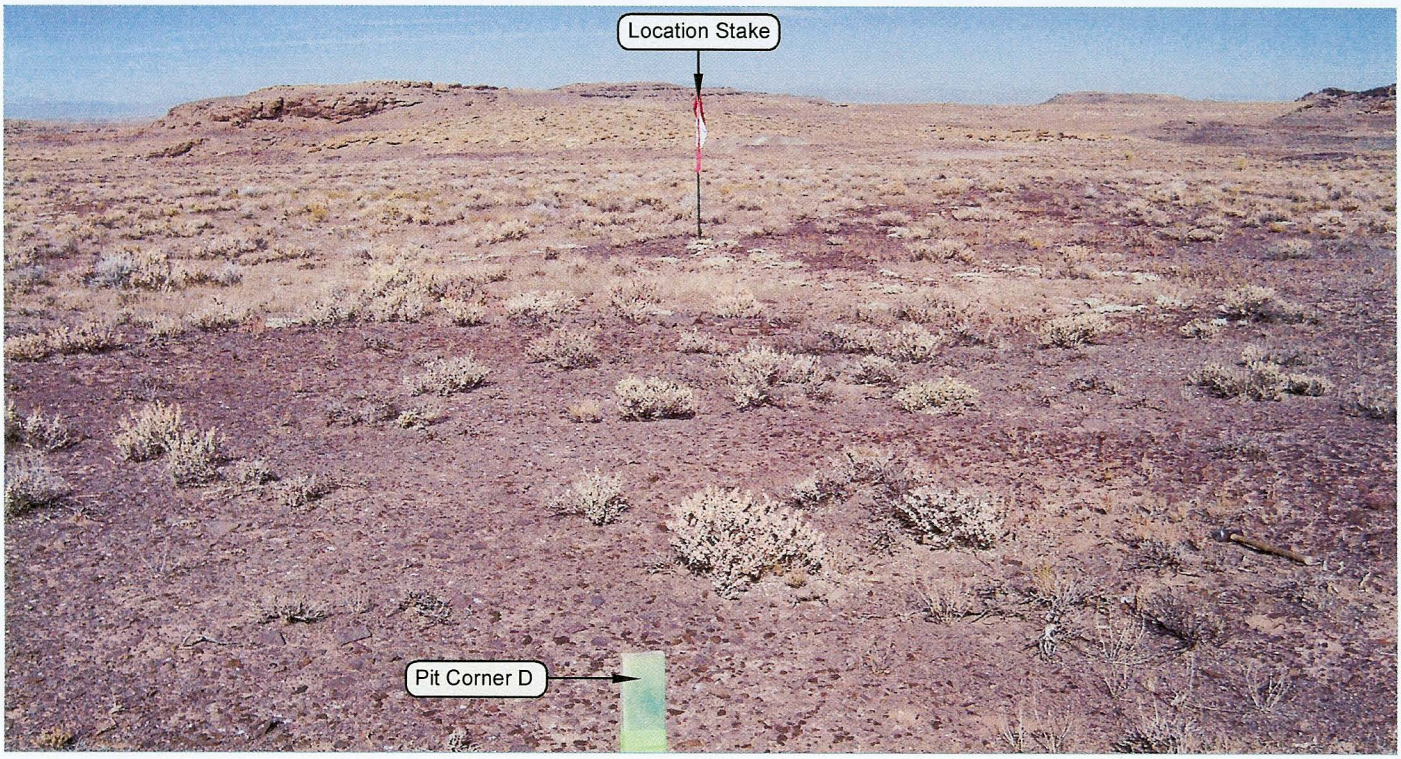


PHOTO VIEW: FROM PIT CORNER D TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY

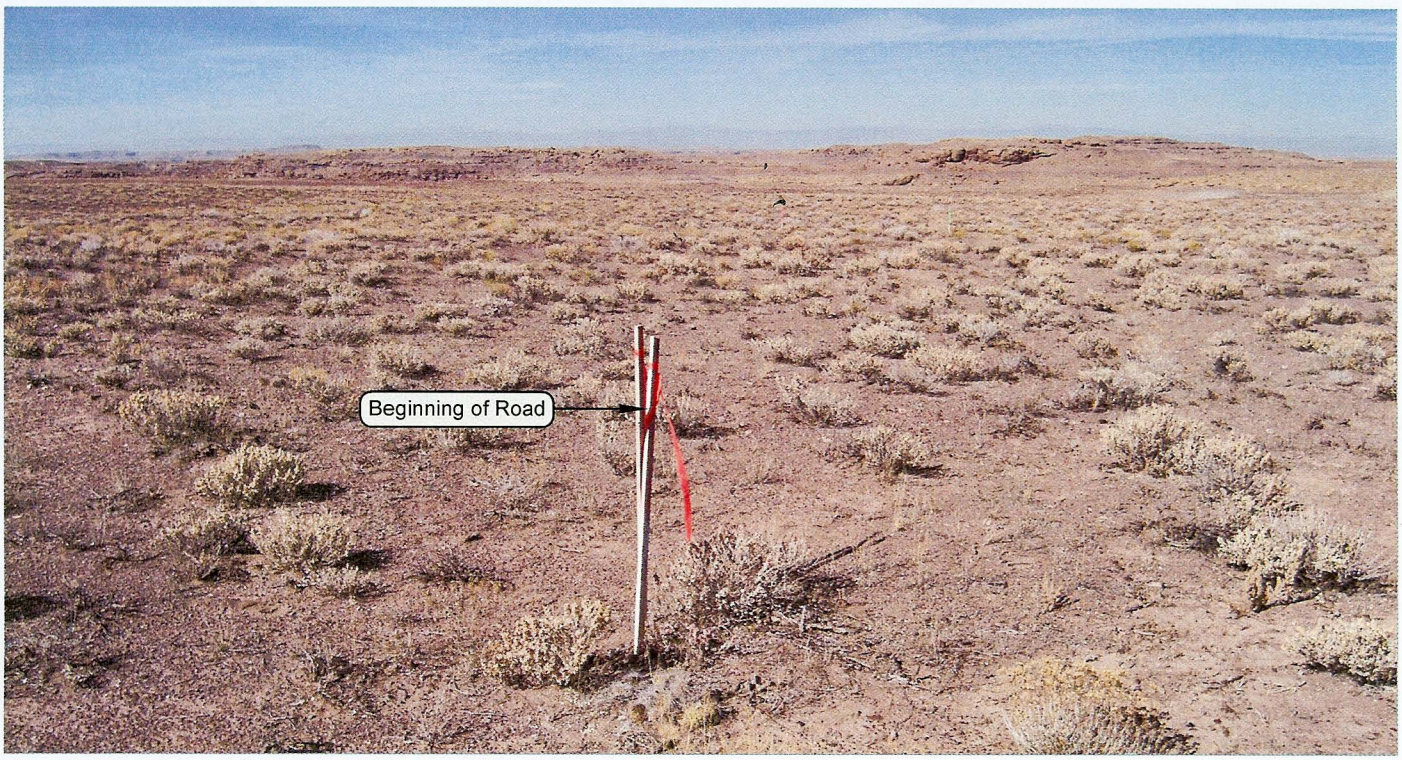


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: NORTHERLY

Kerr–McGee
Oil & Gas Onshore, LP
1099 18th Street – Denver, Colorado 80202

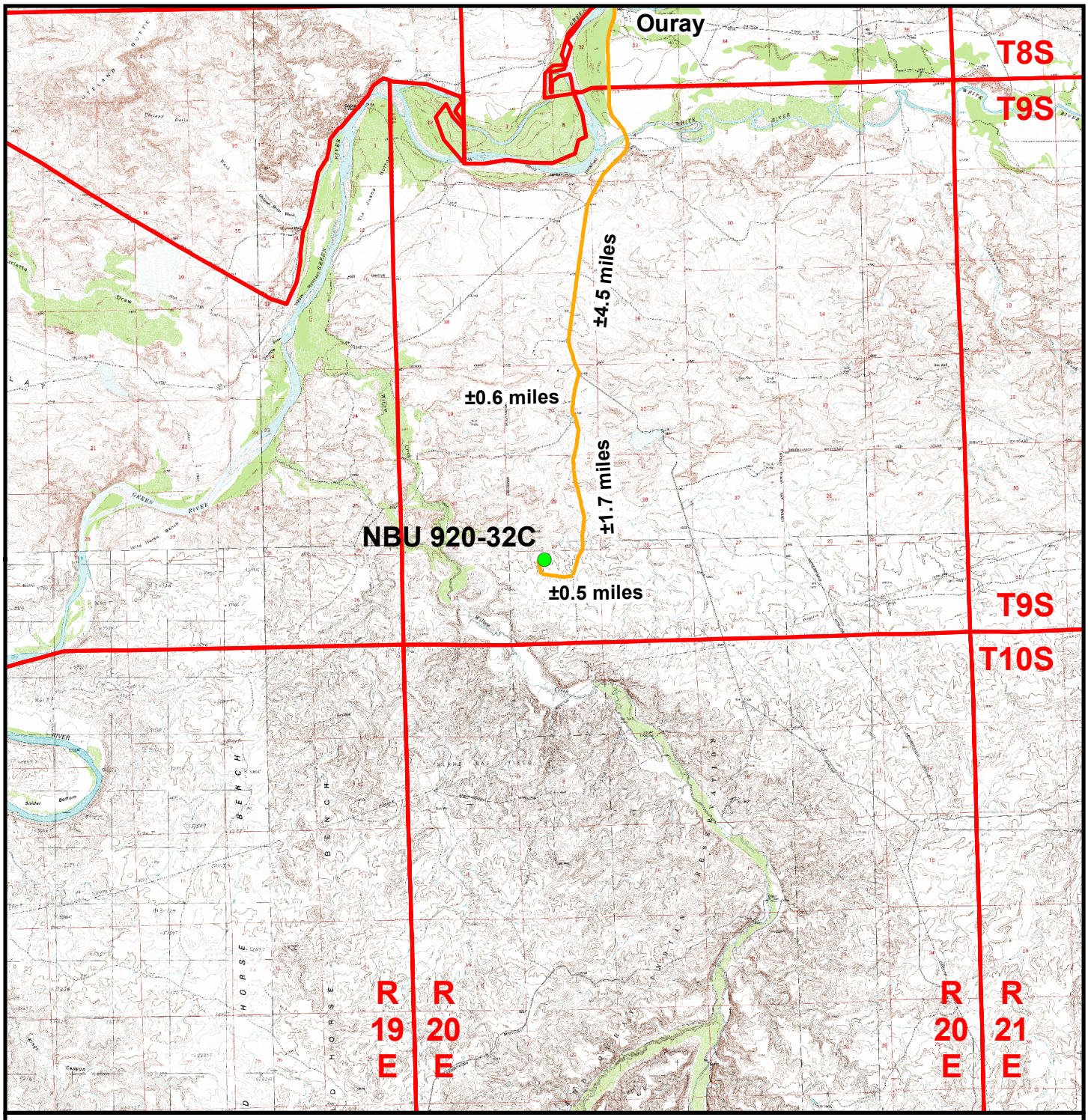
NBU 920-32C
605' FNL, 2077' FWL
NE $\frac{1}{4}$ NW $\frac{1}{4}$ OF SECTION 32, T9S, R20E,
S.L.B.&M. UINTAH COUNTY, UTAH.

609
CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

LOCATION PHOTOS		DATE TAKEN: 10-27-08
		DATE DRAWN: 10-28-08
TAKEN BY: M.S.B.	DRAWN BY: E.M.S.	REVISED:

Timberline (435) 789-1365
Engineering & Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078

’APIWellNo:43047507790000’



Legend

- Proposed NBU 920-32C Well Location
- Access Route - Proposed

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

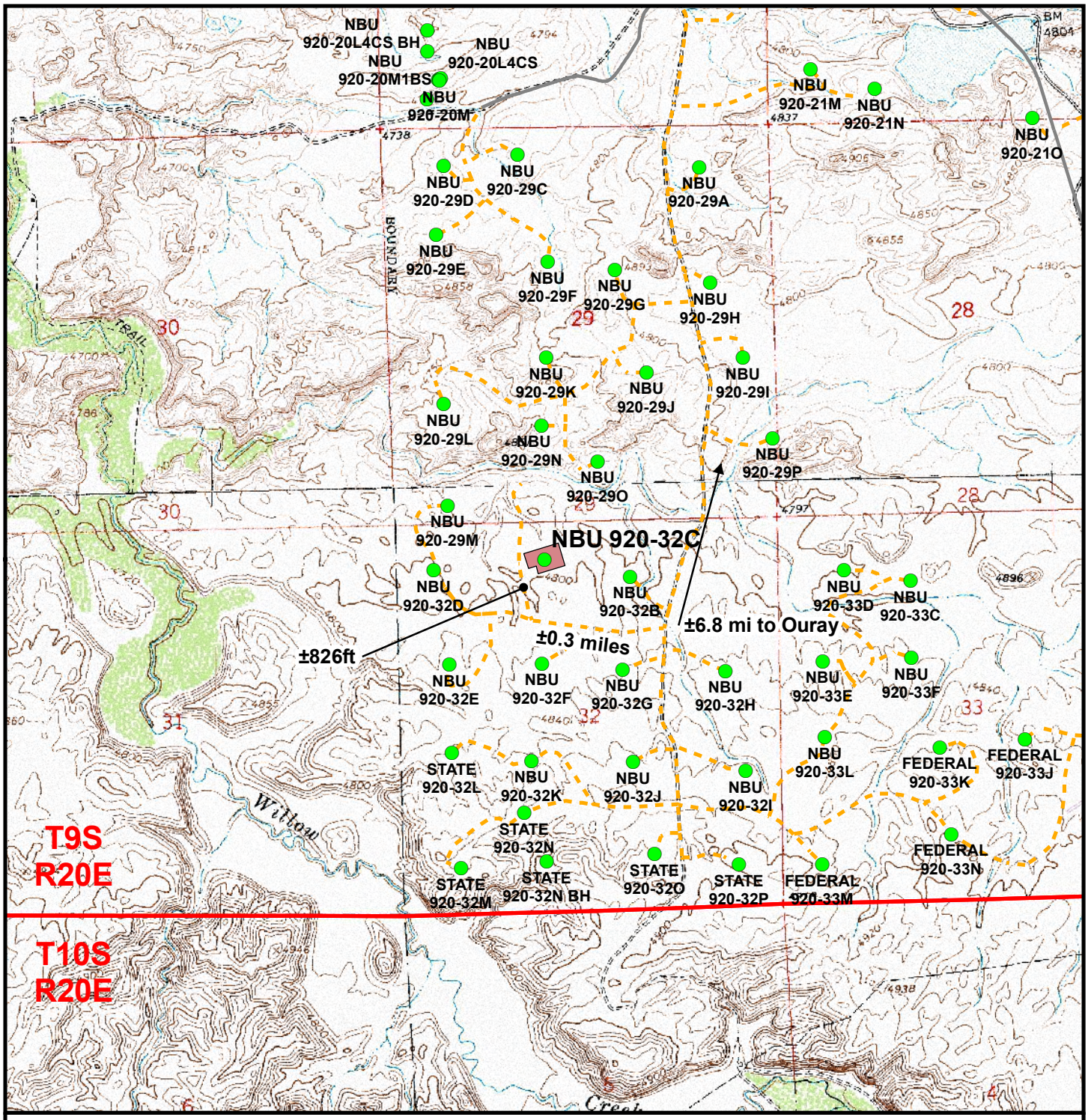
NBU 920-32C
Topo A
605' FNL, 2077' FWL
NE¼ NW¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1:100,000	NAD83 USP Central	Sheet No: 5	5 of 9
Drawn: JELo	Date: 12 Nov 2008		
Revised:	Date:		

’APIWellNo:43047507790000’



Legend

Well - Proposed | Well Pad | Road - Proposed | Road - Existing

Total Proposed Road Length: ±826ft

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

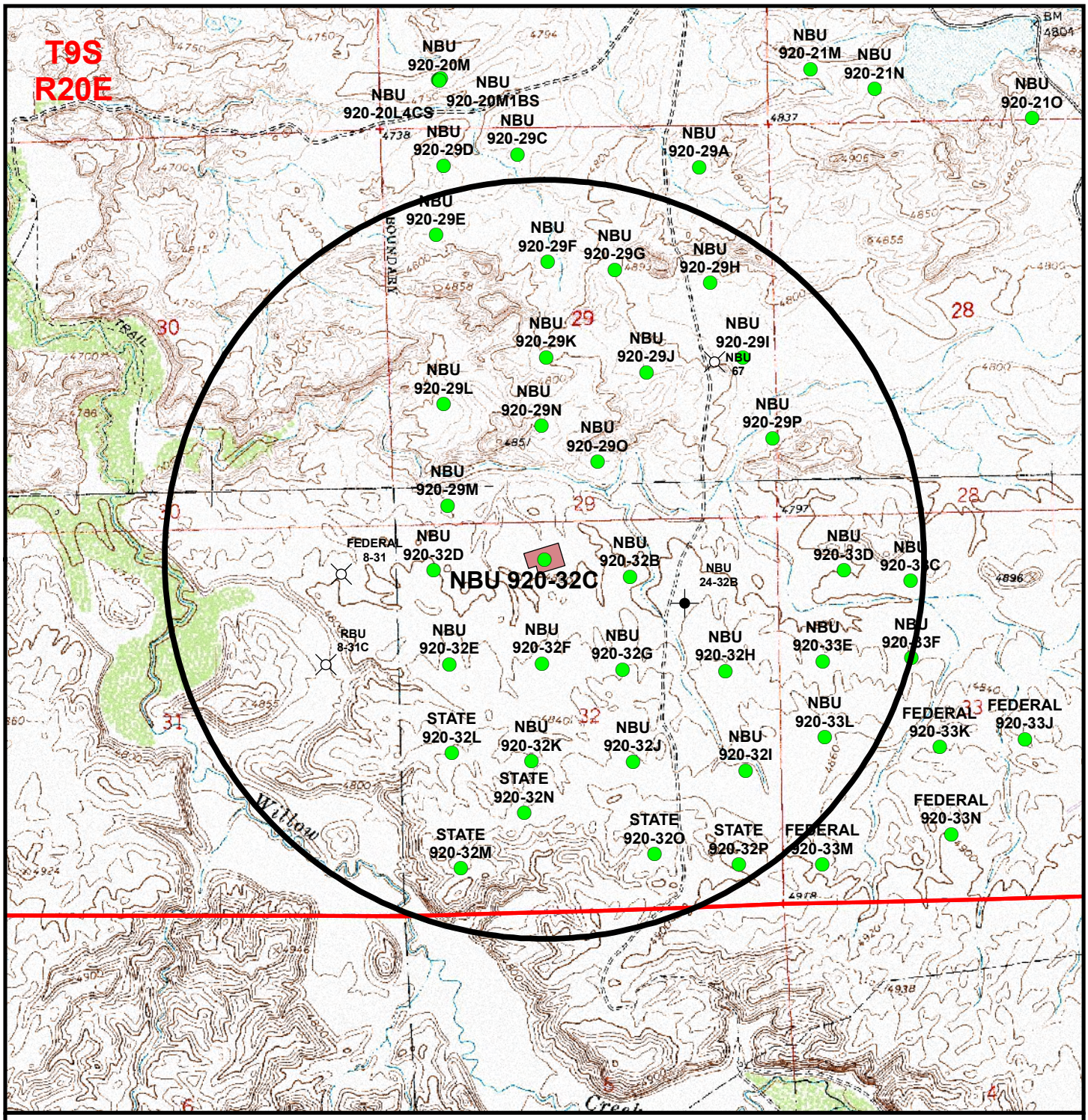
NBU 920-32C
Topo B
605' FNL, 2077' FWL
NE¼ NW¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1" = 2000ft	NAD83 USP Central	Sheet No: 6	6 of 9
Drawn: JELo	Date: 12 Nov 2008		
Revised:	Date:		

’APIWellNo:43047507790000’



Legend

Well locations derived from State of Utah, Dept. of Natural Resources, Division of Oil, Gas and Mining

- Well - Proposed
- Well - 1 Mile Radius
- Well Pad
- Producing
- Approved permit (APD); not yet spudded
- Spudded (Drilling commenced: Not yet comple
- Location Abandoned
- Temporarily-Abandoned
- Plugged and Abandoned
- Shut-In

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

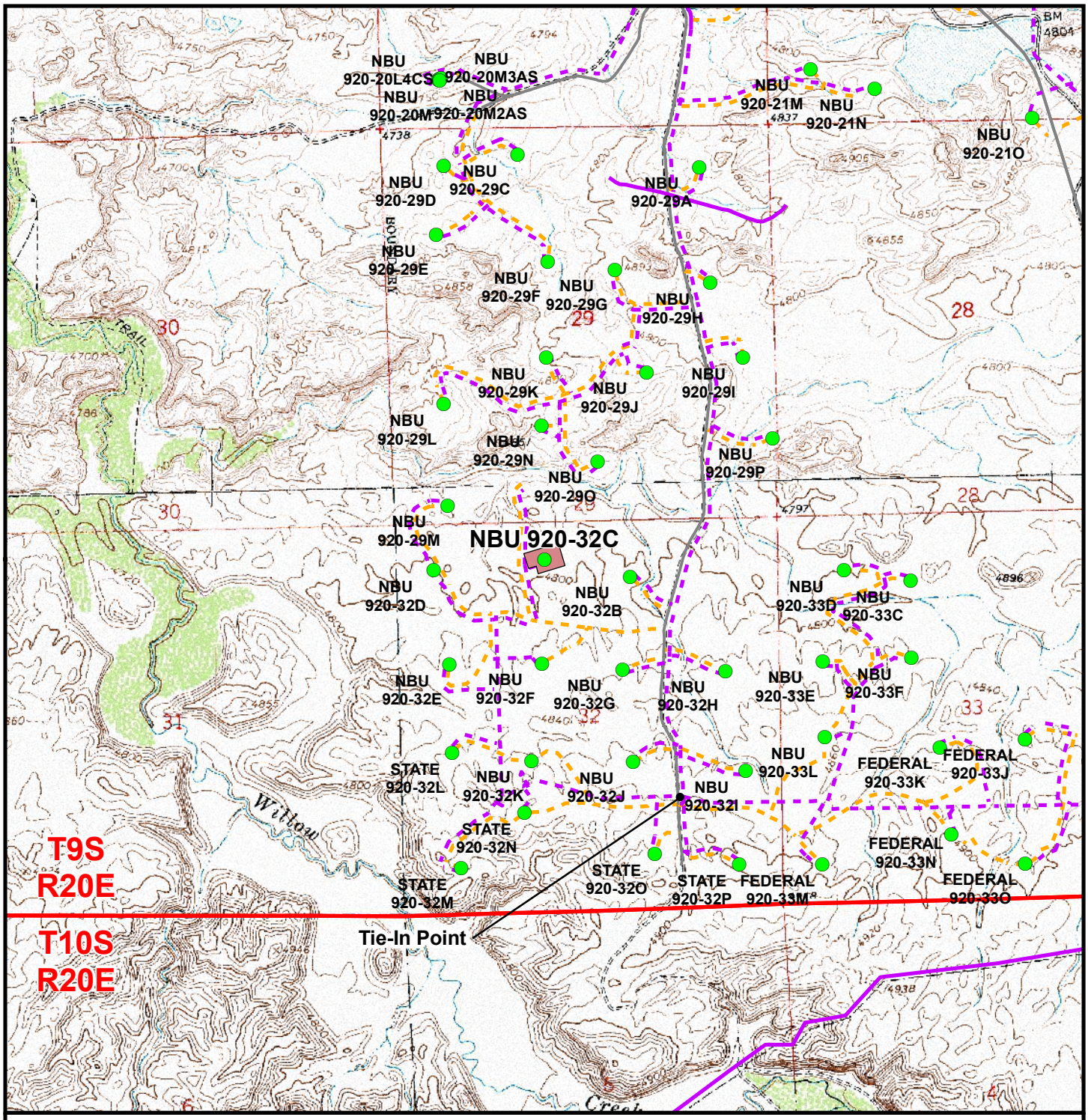
NBU 920-32C
Topo C
605' FNL, 2077' FWL
NE¼ NW¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1" = 2000ft	NAD83 USP Central	Sheet No: 7	7 of 9
Drawn: JELo	Date: 12 Nov 2008		
Revised:	Date:		

’APIWellNo:43047507790000’



Total Proposed Pipeline Length: ±6,790ft

Legend

Well - Proposed Well Pad

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

NBU 920-32C
Topo D
605' FNL, 2077' FWL
NE¼ NW¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1" = 2,000ft	NAD83 USP Central	Sheet No: 8	8 of 9
Drawn: JELo	Date: 12 Nov 2008		
Revised: JELo	Date: 30 Sept 2009		

Kerr-McGee Oil & Gas Onshore, LP
NBU 920-32C
Section 32, T9S, R20E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 13.9 MILES TO THE JUNCTION OF STATE HIGHWAY 88. EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 16.8 MILES TO OURAY, UTAH. FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 4.5 MILES TO THE INTERSECTION OF THE WILD HORSE BENCH ROAD (A CLASS D COUNTY ROAD). EXIT RIGHT AND PROCEED IN A SOUTHERLY DIRECTION ALONG THE WILD HORSE BENCH ROAD APPROXIMATELY 0.6 MILES TO THE INTERSECTION OF THE WILLOW CREEK ROAD (A CLASS D COUNTY ROAD). EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG THE WILLOW CREEK ROAD APPROXIMATELY 1.7 MILES TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN A WESTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 2,670 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 38.0 MILES IN A SOUTHERLY DIRECTION.

NBU 920-32C
Surface: 605' FNL 2,077' FWL (NE/4NW/4)
Sec. 32 T9S R20E

Uintah, Utah
Mineral Lease: ML 22140

Surface Owner: Ute Indian Tribe

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN SUBMITTED WITH SITE-SPECIFIC INFORMATION

An on-site meeting was held on August 25, 2009.

A. Existing Roads:

A) Refer to Topo Map A for directions to the location.
B) Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

B. Planned Access Roads:

See MDP for additional details on road construction.

Approximately ±826' (±0.16 miles) of new access road is proposed. Another ±0.3 miles of new access road is proposed for concurrent access for the NBU 921-32D and NBU 92-29M proposed wells, leading to the main north south access road in the east half of section 32. Please refer to the attached Topo Map B. No pipelines will be crossed with the new construction.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site and are typically shown on the attached Exhibits and Topo maps.

C. Location of Existing Wells Within a 1-Mile Radius:

Please refer to Topo Map C.

D. Location of Existing and Proposed Facilities:

See MDP for additional details on Existing and Proposed Facilities.

The following guidelines will apply if the well is productive.
Approximately ±6,790' (±1.29 miles) of new pipeline is proposed for this well. Please refer to the attached Topo Map D for existing pipeline. Appropriate surface use agreements have been or will be obtained from the Ute Indian Tribe. Pipeline segments will be welded or zaplocked together on disturbed areas in or near the location, whenever possible, and dragged into place

E. **Location and Type of Water Supply:**
See MDP for additional details on Location and Type of Water Supply.

Water for drilling purposes will be obtained from one of the following sources:

- Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32 T4S R3E, Water User Claim number 43-8496, application number 53617.
- Price Water Pumping Inc. Green River and White River, various sources, Water Right Number 49-1659, application number: a35745.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

F. **Source of Construction Materials:**
See MDP for additional details on Source of Construction Materials.

G. **Methods of Handling Waste Materials:**
See MDP for additional details on Methods of Handling Waste Materials.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites:

RNI in Sec. 5 T9S R22E
NBU #159 in Sec. 35 T9S R21E
Ace Oilfield in Sec. 2 T6S R20E
MC&MC in Sec. 12 T6S R19E
Pipeline Facility in Sec. 36 T9S R20E
Goat Pasture Evaporation Pond in SW/4 Sec. 16 T10S R22E
Bonanza Evaporation Pond in Sec. 2 T10S R23E

H. **Ancillary Facilities:**
See MDP for additional details on Ancillary Facilities.

None are anticipated.

I. **Well Site Layout:** (See Location Layout Diagram)
See MDP for additional details on Well Site Layout.

All pits will be fenced according to the following minimum standards:

- Net wire (39-inch) will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.
- Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

- Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.
- All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

J. Plans for Reclamation of the Surface:

See MDP for additional details on Plans for Reclamation of the Surface.

Kerr-McGee shall call the BIA for the seed mixture prior to starting interim and/or final reclamation actions.

K. Surface/Mineral Ownership:

The well pad and access road are located on lands owned by:

Ute Indian Tribe
PO Box 70
Fort Duchesne, Utah 84026
435-722-5141

The mineral ownership is listed below:

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

L. Other Information:

See MDP for additional details on Other Information.

M. Lessee's or Operators' Representative & Certification:

Kathy Schneebeck Dulnoan
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
Denver, CO 80217-3779
(720) 929-6007

Tommy Thompson
General Manager, Drilling
Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
Denver, CO 80217-3779
(720) 929-6724

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond 22013542.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that I have full knowledge of the State and Federal laws applicable to this operation; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Kathy Schneebeck Dulnoan
Kathy Schneebeck Dulnoan

October 1, 2009
Date

’APIWellNo:43047507790000’

CLASS I REVIEW OF KERR-MCGEE OIL AND GAS ONSHORE LP’S 88 PROPOSED WELL LOCATIONS (T9S, R20E, SECS. 1, 14, 15, 20, 21, 22, 23, 27, 29, 32, 33, 34) UINTAH COUNTY, UTAH

By:

Jacki A. Montgomery

Prepared For:

Ute Indian Tribe
Uintah and Ouray Agency

Prepared Under Contract With:

Kerr-McGee Oil and Gas Onshore LP
1368 South 1200 East
Vernal, Utah 84078

Prepared By:

Montgomery Archaeological Consultants, Inc.
P.O. Box 219
Moab, Utah 84532

MOAC Report No. 08-318

March 4, 2009

United States Department of Interior (FLPMA)
Permit No. 08-UT-60122

IPC #08-362

Paleontological Reconnaissance Survey Report

Survey of Kerr McGee's Proposed Gathering Pipeline, Well Pads, Access Roads, and Pipelines for "NBU #920-29M & N", "NBU #920-32C, E, F, & K", & "State #920-32L, M, N, & O" (Sec. 29 & 32, T 9 S, R 20 E)

Big Pack Mtn NW
Topographic Quadrangle
Uintah County, Utah

December 18, 2008

Prepared by Stephen D. Sandau
Paleontologist for
Intermountain Paleo-Consulting
P. O. Box 1125
Vernal, Utah 84078

’APIWellNo:43047507790000’

Grasslands Consulting, Inc.

4800 Happy Canyon Road, Suite 110, Denver, CO 80237
(303) 759-5377 Office (303) 759-5324 Fax

SPECIAL STATUS PLANT AND WILDLIFE SPECIES REPORT

Report Number: GCI #88

Operator: Kerr-McGee Oil & Gas Onshore LP

Wells: NBU 920-29M, NBU 920-32D, NBU 920-32C, NBU 920-32E, NBU 920-32F, NBU 920-32K, STATE 920-32L, STATE 920-32N, STATE 920-32M, STATE 920-32O, STATE 920-32P

Pipeline: Associated pipelines leading to proposed well pads

Access Road: Associated access roads leading to proposed well pads

Location: Section 32, Township 9 South, Range 20 East; Uintah County, Utah

Survey-Species: Uinta Basin Hookless Cactus (*Sclerocactus wetlandicus*)

Date: August 5th, 2009, September 2nd, 7th and 8th 2009

Observers: Grasslands Consulting, Inc. Biologists: Nick Hall, Dan Hamilton, Jonathan Sexauer, Garrett Peterson, and Chris Gayer

Weather: Partly cloudy, 80-90ºF, 0-5 mph winds with no precipitation.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

October 2, 2009

Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 2009 Plan of Development Natural Buttes Unit Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2009 within the Natural Buttes Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
(Proposed PZ WASATCH-MESA VERDE)		
43-047-50769	NBU 1022-35K4CS	Sec 35 T10S R22E 0636 FSL 2186 FEL
		BHL Sec 35 T10S R22E 1325 FSL 2100 FWL
43-047-50770	NBU 1022-35N1CS	Sec 35 T10S R22E 0638 FSL 2206 FEL
		BHL Sec 35 T10S R22E 0965 FSL 2100 FWL
43-047-50771	NBU 1022-35O1BS	Sec 35 T10S R22E 0634 FSL 2166 FEL
		BHL Sec 35 T10S R22E 1030 FSL 1800 FEL
43-047-50772	NBU 1022-35O1CS	Sec 35 T10S R22E 0631 FSL 2146 FEL
		BHL Sec 35 T10S R22E 0670 FSL 1800 FEL
43-047-50773	NBU 922-32P1BS	Sec 32 T09S R22E 1723 FSL 0195 FEL
		BHL Sec 32 T09S R22E 1203 FSL 0537 FEL
43-047-50774	NBU 922-32P1CS	Sec 32 T09S R22E 1748 FSL 0164 FEL
		BHL Sec 32 T09S R22E 0857 FSL 0571 FEL
43-047-50775	NBU 922-32P3AS	Sec 32 T09S R22E 1735 FSL 0179 FEL
		BHL Sec 32 T09S R22E 0588 FSL 0733 FEL

API #	WELL NAME	LOCATION
(Proposed PZ WASATCH-MESA VERDE)		
43-047-50776	NBU 921-17B	Sec 17 T09S R21E 0492 FNL 1966 FEL
43-047-50777	NBU 921-8F	Sec 08 T09S R21E 2003 FNL 1636 FWL
43-047-50778	NBU 921-8K	Sec 08 T09S R21E 1918 FSL 1923 FWL
43-047-50779	NBU 920-32C	Sec 32 T09S R20E 0605 FNL 2077 FWL
43-047-50780	NBU 920-32F	Sec 32 T09S R20E 1884 FNL 2131 FWL

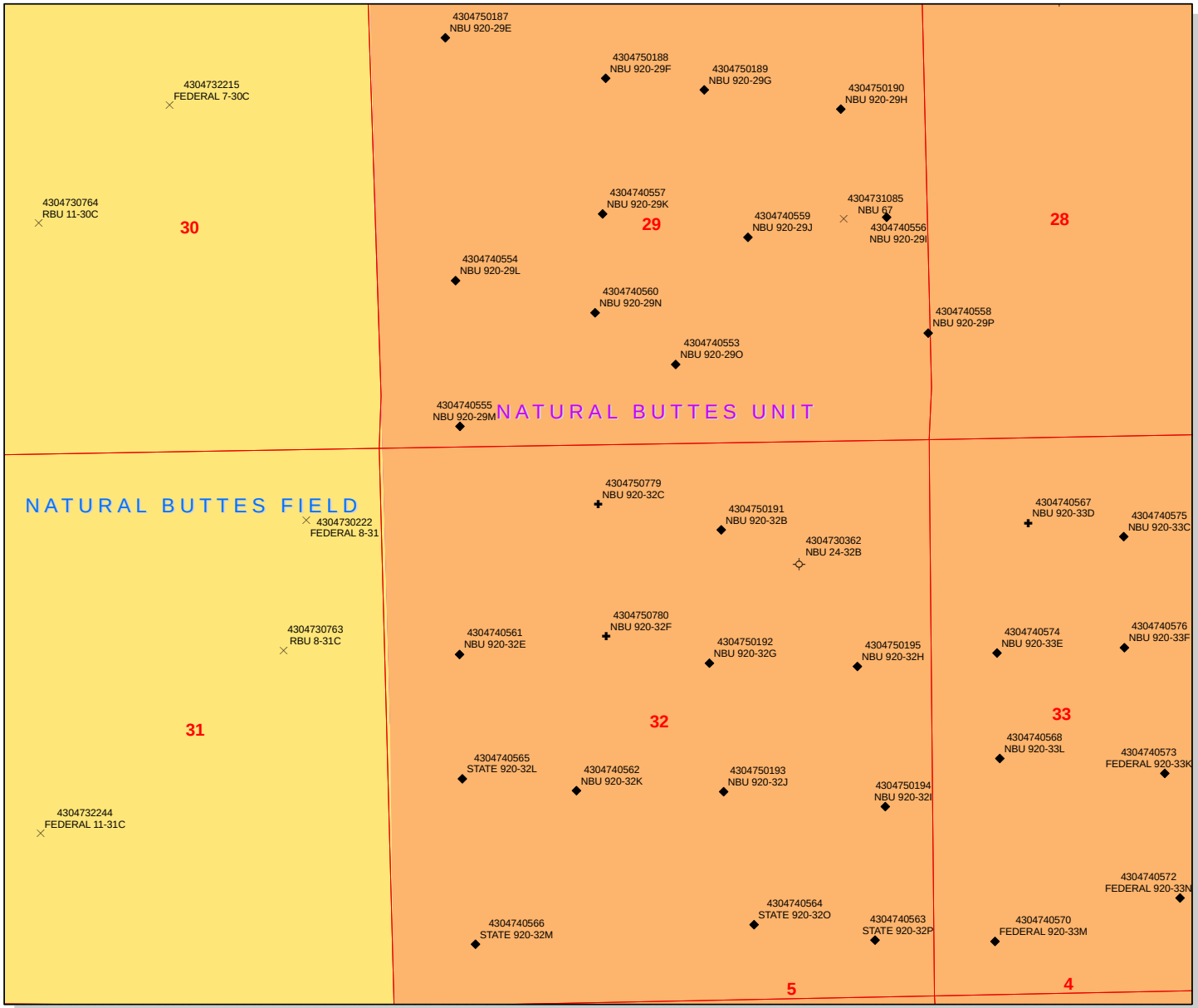
This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File – Natural Buttes Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

API Well No: 43047507790000

MCoulthard:mc:10-2-09



API Number: 4304750779

Well Name: NBU 920-32C

Township 09.0 S Range 20.0 E Section 32

Meridian: SLBM

Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:
Map Produced by Diana Mason

Units

STATUS
- ACTIVE
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields

STATUS
- ACTIVE
- COMBINED
- Sections

Wells Query Events
- <all other values>

GIS_STAT_TYPE
- <Null>
- APD
- DRL
- GI
- GS
- LA
- NEW
- OPS
- PA
- PGW
- POW
- RET
- SGW
- SOW
- TA
- TW
- WD
- WI
- WS

Location Map

1,200 600 0 1,200 Feet

1:12,000

'API Well No: 43047507790000'

BOPE REVIEW KERR-MCGEE OIL & GAS ONSHORE, L.P. NBU 920-32C 43047507790000

Well Name	KERR-MCGEE OIL & GAS ONSHORE, L.P. NBU 920-32C 4304750779000			
String	Surf	Prod		
Casing Size(")	9.625	4.500		
Setting Depth (TVD)	2410	10597		
Previous Shoe Setting Depth (TVD)	60	2410		
Max Mud Weight (ppg)	8.4	12.2		
BOPE Proposed (psi)	1000	5000		
Casing Internal Yield (psi)	3520	10690		
Operators Max Anticipated Pressure (psi)	6570	11.9		

Calculations	Surf String	9.625	"
Max BHP (psi)	.052*Setting Depth*MW=	1053	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	764	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	523	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	536	NO Reasonable depth for area
Required Casing/BOPE Test Pressure=		2410	psi
*Max Pressure Allowed @ Previous Casing Shoe=		60	psi *Assumes 1psi/ft frac gradient

Calculations	Prod String	4.500	"
Max BPH (psi)	.052*Setting Depth*MW=	6723	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	5451	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	4392	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	4922	NO Reasonable
Required Casing/BOPE Test Pressure=		5000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		2410	psi *Assumes 1psi/ft frac gradient

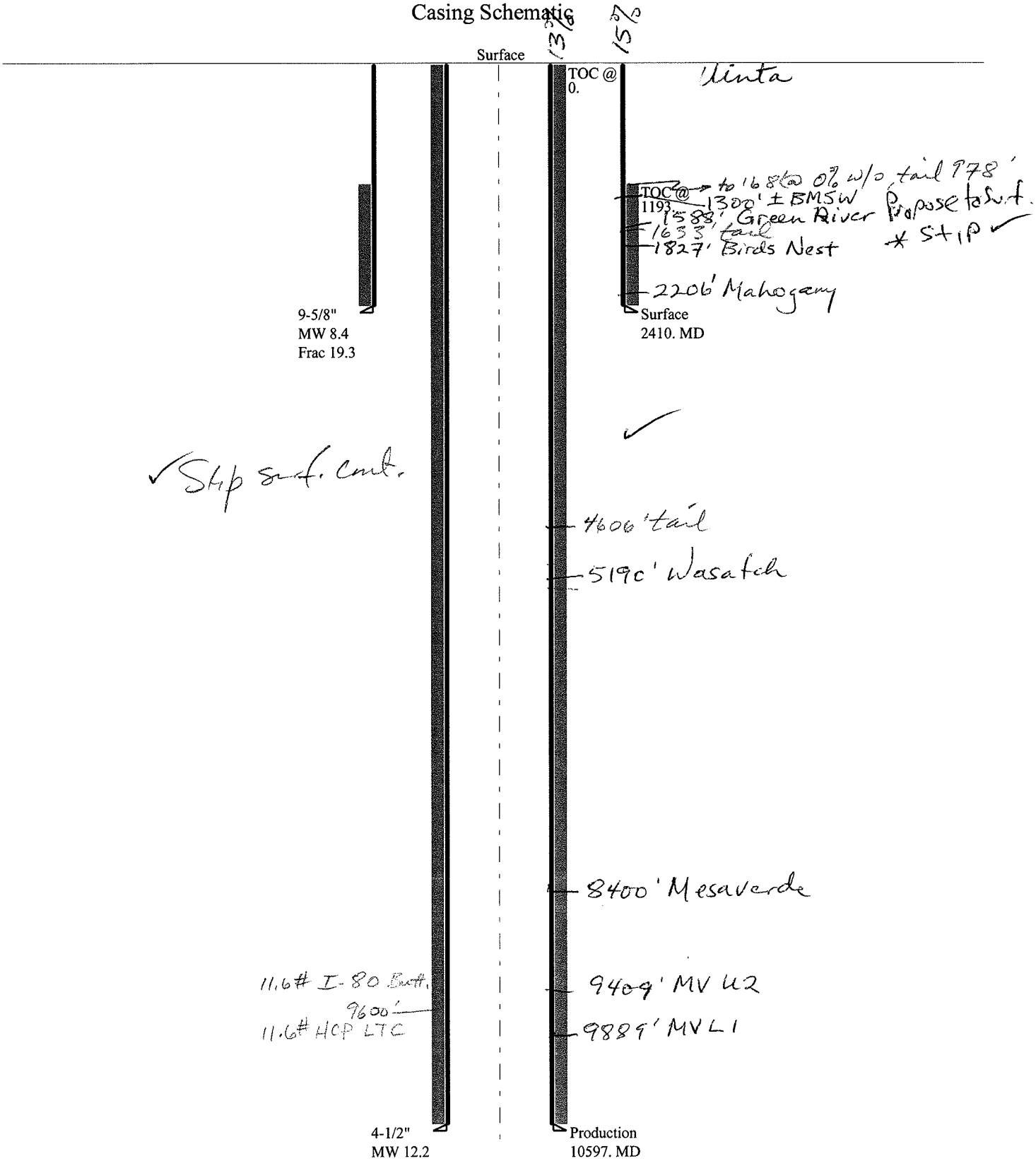
Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

'APIWellNo:43047507790000'

43047507790000 NBU 920-32C

Casing Schematic



'APIWellNo:43047507790000'

Well name:	**43047507790000 NBU 920-32C**
Operator:	**KERR-MCGEE OIL & GAS ONSHORE, L.P.**
String type:	Surface
Project ID:	43-047-50779
Location:	UINTAH COUNTY

Design parameters:

Collapse
Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 2,121 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,410 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.70 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 2,110 ft

Environment:
H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 108 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: 1,193 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 10,597 ft
Next mud weight: 12.200 ppg
Next setting BHP: 6,716 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,410 ft
Injection pressure: 2,410 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	2410	9.625	36.00	J-55	LT&C	2410	2410	8.796	19708

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	1052	2020	1.921	2410	3520	1.46	86.8	453	5.22 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Mining
Phone: 801 538-5357
FAX: 801-359-3940
Date: October 20,2009
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2410 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

'APIWellNo:43047507790000'

Well name:	**43047507790000 NBU 920-32C**
Operator:	**KERR-MCGEE OIL & GAS ONSHORE, L.P.**
String type:	Production
Project ID:	43-047-50779
Location:	UINTAH COUNTY

Design parameters:

Collapse
- Mud weight: 12.200 ppg
- Internal fluid density: 2.330 ppg

Burst
- Max anticipated surface pressure: 4,385 psi
- Internal gradient: 0.220 psi/ft
- Calculated BHP 6,716 psi

No backup mud specified.

Minimum design factors:

Collapse:
- Design factor 1.125

Burst:
- Design factor 1.00

Tension:
- 8 Round STC: 1.80 (J)
- 8 Round LTC: 1.80 (J)
- Buttress: 1.60 (J)
- Premium: 1.50 (J)
- Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 8,664 ft

Estimated cost: 131,523 ($)

Environment:
- H2S considered? No
- Surface temperature: 74 °F
- Bottom hole temperature: 222 °F
- Temperature gradient: 1.40 °F/100ft
- Minimum section length: 100 ft

Cement top: 0 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
					Buttress				
2	9600	4.5	11.60	I-80	~~LT&C~~	9600	9600	3.875	126720
1	997	4.5	11.60	HCP-110	LT&C	10597	10597	3.875	4803

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
2	4922	6283	1.276	6497	7780	1.20	122.9	~~212~~ 278 Buttress	~~1.72 J~~ 2.26 J
1	5433	8650	1.592	6716	10690	1.59	11.6	279	24.13 J

Prepared by: Helen Sadik-Macdonald, Div of Oil,Gas & Mining
Phone: 801 538-5357
FAX: 801-359-3940
Date: October 20,2009
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 10597 ft, a mud weight of 12.2 ppg An internal gradient of .121 psi/ft was used for collapse from TD
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
2087	43047507790000	LOCKED	GW	I	No
Operator	KERR-MCGEE OIL & GAS ONSHORE, L.P.		**Surface Owner-APD**		
Well Name	NBU 920-32C		**Unit**	NATURAL BUTTES	
Field	NATURAL BUTTES		**Type of Work**	DRILL	
Location	NENW 32 9S 20E S 605 FNL 2077 FWL		GPS Coord (UTM)	611667E	4428039N

Geologic Statement of Basis

Kerr McGee proposes to set 2,410' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 1,300'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 32. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. The proposed casing and cement should adequately protect. Any usable ground water.

Brad Hill — **APD Evaluator**

10/15/2009 — **Date / Time**

Surface Statement of Basis

The surface rights for the proposed well are owned by the Ute Tribe. The operator is responsible for obtaining any required surface permits or rights-of-way.

Brad Hill — **Onsite Evaluator**

10/15/2009 — **Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
	None

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/1/2009 **API NO. ASSIGNED:** 43047507790000

WELL NAME: NBU 920-32C

OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. (N2995) **PHONE NUMBER:** 720 929-6156

CONTACT: Danielle Piernot

PROPOSED LOCATION: NENW 32 090S 200E **Permit Tech Review:** ☑

SURFACE: 0605 FNL 2077 FWL **Engineering Review:** ☑

BOTTOM: 0605 FNL 2077 FWL **Geology Review:** ☑

COUNTY: UINTAH

LATITUDE: 39.99705 **LONGITUDE:** -109.69192

UTM SURF EASTINGS: 611667.00 **NORTHINGS:** 4428039.00

FIELD NAME: NATURAL BUTTES

LEASE TYPE: 3 - State

LEASE NUMBER: ML 22140 **PROPOSED PRODUCING FORMATION(S):** WASATCH-MESA VERDE

SURFACE OWNER: 2 - Indian **COALBED METHANE:** NO

RECEIVED AND/OR REVIEWED:

- ☑ **PLAT**
- ☑ **Bond:** STATE/FEE - 22013542
- ☐ **Potash**
- ☑ **Oil Shale 190-5**
- ☐ **Oil Shale 190-3**
- ☐ **Oil Shale 190-13**
- ☑ **Water Permit:** Permit #43-8496
- ☐ **RDCC Review:**
- ☐ **Fee Surface Agreement**
- ☑ **Intent to Commingle**

Commingling Approved

LOCATION AND SITING:

- ☐ **R649-2-3.**

Unit: NATURAL BUTTES

- ☐ **R649-3-2. General**
- ☐ **R649-3-3. Exception**
- ☑ **Drilling Unit**

Board Cause No: Cause 173-14

Effective Date: 12/2/1999

Siting: 460' fr u bdry & uncomm. tract

- ☐ **R649-3-11. Directional Drill**

Comments: Presite Completed

Stipulations:
3 - Commingling - ddoucet
4 - Federal Approval - dmason
5 - Statement of Basis - bhill
17 - Oil Shale 190-5(b) - dmason
25 - Surface Casing - hmacdonald

GARY R. HERBERT
Governor
GREGORY S. BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Permit To Drill

****

Well Name: NBU 920-32C
API Well Number: 43047507790000
Lease Number: ML 22140
Surface Owner: INDIAN
Approval Date: 11/5/2009

Issued to:
KERR-MCGEE OIL & GAS ONSHORE, L.P., P.O. Box 173779, Denver, CO 80217

Authority:
Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 173-14. The expected producing formation or pool is the WASATCH-MESA VERDE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:
This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

Commingle:
In accordance with Board Cause No. 173-14, commingling of the production from the Wasatch formation and the Mesaverde formation in this well is allowed.

General:
Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:
State approval of this well does not supercede the required federal approval, which must be obtained prior to drilling.

In accordance with the Order in Cause No. 190-5(b) dated October 28, 1982, the operator shall comply with the requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operators shall ensure that the surface and or production casing is properly cemented over the entire oil shale section as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the division.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Surface casing shall be cemented to the surface.

Additional Approvals:
The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan – contact Dustin Doucet
- Significant plug back of the well – contact Dustin Doucet
- Plug and abandonment of the well – contact Dustin Doucet

Notification Requirements:
The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels
  OR
  submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at https://oilgas.ogm.utah.gov
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

Contact Information:
The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
  801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
  801-942-0871 - after office hours

Reporting Requirements:
All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:

For Gil Hunt
Associate Director, Oil & Gas

API Well No: 43047507790000

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5.LEASE DESIGNATION AND SERIAL NUMBER: ML 22140

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Tr

7.UNIT or CA AGREEMENT NAME: NATURAL BUTTES

1. TYPE OF WELL Gas Well

8. WELL NAME and NUMBER: NBU 920-32C

2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.

9. API NUMBER: 43047507790000

3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 **PHONE NUMBER:** 720 929-6007 Ext

9. FIELD and POOL or WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 0605 FNL 2077 FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 32 Township: 09.0S Range: 20.0E Meridian: S

COUNTY: UINTAH

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 11/5/2010	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
☐ SPUD REPORT Date of Spud:	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ DRILLING REPORT Report Date:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	✓ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☐ OTHER	OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the Utah Division of Oil, Gas and Mining

Date: November 02, 2010

By:

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Danielle Piernot	720 929-6156	Regulatory Analyst
SIGNATURE		**DATE**
N/A		11/2/2010

RECEIVED November 02, 2010

The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047507790000

API: 43047507790000
Well Name: NBU 920-32C
Location: 0605 FNL 2077 FWL QTR NENW SEC 32 TWNP 090S RNG 200E MER S
Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.
Date Original Permit Issued: 11/5/2009

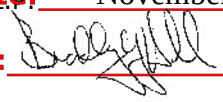
The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- **If located on private land, has the ownership changed, if so, has the surface agreement been updated?** ○ **Yes** ◉ **No**
- **Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?** ○ **Yes** ◉ **No**
- **Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?** ○ **Yes** ◉ **No**
- **Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location?** ○ **Yes** ◉ **No**
- **Has the approved source of water for drilling changed?** ○ **Yes** ◉ **No**
- **Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?** ○ **Yes** ◉ **No**
- **Is bonding still in place, which covers this proposed well?** ◉ **Yes** ○ **No**

Approved by the Utah Division of Oil, Gas and Mining

Signature: Danielle Piernot **Date:** 11/2/2010
Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: November 02, 2010

By: 

RECEIVED November 02, 2010

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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6. IF INDIAN, ALLOTTEE OR TRIBE NAME: UTE

7.UNIT or CA AGREEMENT NAME: NATURAL BUTTES

1. TYPE OF WELL Gas Well

8. WELL NAME and NUMBER: NBU 920-32C

2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.

9. API NUMBER: 43047507790000

3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779

PHONE NUMBER: 720 929-6515 Ext

9. FIELD and POOL or WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 0605 FNL 2077 FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 32 Township: 09.0S Range: 20.0E Meridian: S

COUNTY: UINTAH

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 11/5/2011	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
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☐ DRILLING REPORT Report Date:	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	✓ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☐ OTHER	OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the Utah Division of Oil, Gas and Mining

Date: 11/01/2011

By:

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Danielle Piernot	720 929-6156	Regulatory Analyst
SIGNATURE N/A		**DATE** 10/26/2011

RECEIVED Oct. 26, 2011

The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047507790000

API: 43047507790000
Well Name: NBU 920-32C
Location: 0605 FNL 2077 FWL QTR NENW SEC 32 TWNP 090S RNG 200E MER S
Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.
Date Original Permit Issued: 11/5/2009

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- **Is bonding still in place, which covers this proposed well?** ◉ **Yes** ○ **No**

Signature: Danielle Piernot **Date:** 10/26/2011
Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

RECEIVED Oct. 26, 2011

GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

November 26, 2012

Kerr McGee Oil & Gas Onshore, L.P.
P.O. Box 173779
Denver, CO 80217

Re: APD Rescinded – NBU 920-32C, Sec. 32, T. 9S, R. 20E
Uintah County, Utah API No. 43-047-50779

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 5, 2009. On November 2, 2010 and November 1, 2011 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 26, 2012.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal
SITLA, Ed Bonner

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING